



[BILLING CODE: 6750-01S]

FEDERAL TRADE COMMISSION

[File No. 122 3252]

Deutsch LA, Inc.; Analysis of Proposed Consent Order to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed Consent Agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting deceptive acts or practices. The attached Analysis of Proposed Consent Order to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order -- embodied in the consent agreement -- that would settle these allegations.

DATES: Comments must be received on or before December 29, 2014.

ADDRESSES: Interested parties may file a comment at

<https://ftcpublic.commentworks.com/ftc/deutschlaconsent> online or on paper, by following the

instructions in the Request for Comment part of the **SUPPLEMENTARY INFORMATION**

section below. Write “Deutsch LA, Inc. - Consent Agreement; File No. 122 3252” on your comment and file your comment online at

<https://ftcpublic.commentworks.com/ftc/deutschlaconsent> by following the instructions on the web-based form. If you prefer to file your comment on paper, write “Deutsch LA, Inc. - Consent Agreement; File No. 122 3252” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D), Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: Linda Badger, Western Region-San Francisco, (415-848-5151), 901 Market Street, Suite 570, San Francisco, CA 94103.

SUPPLEMENTARY INFORMATION: Pursuant to Section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for November 25, 2014), on the World Wide Web, at <http://www.ftc.gov/os/actions.shtm>.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before December 29, 2014. Write “Deutsch LA, Inc. - Consent Agreement; File No. 122 3252” on your comment. Your comment - including your name and your state - will be placed on the public record of this proceeding, including, to the extent practicable, on the public Commission Website, at <http://www.ftc.gov/os/publiccomments.shtm>. As a matter of discretion, the Commission tries to remove individuals’ home contact information from comments before placing them on the Commission Website.

Because your comment will be made public, you are solely responsible for making sure that your comment does not include any sensitive personal information, like anyone’s Social Security number, date of birth, driver’s license number or other state identification number or foreign country equivalent, passport number, financial account number, or credit or debit card number. You are also solely responsible for making sure that your comment does not include any sensitive health information, like medical records or other individually identifiable health information. In addition, do not include any “[t]rade secret or any commercial or financial

information which . . . is privileged or confidential,” as discussed in Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2). In particular, do not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

If you want the Commission to give your comment confidential treatment, you must file it in paper form, with a request for confidential treatment, and you have to follow the procedure explained in FTC Rule 4.9(c), 16 CFR 4.9(c).¹ Your comment will be kept confidential only if the FTC General Counsel, in his or her sole discretion, grants your request in accordance with the law and the public interest.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we encourage you to submit your comments online. To make sure that the Commission considers your online comment, you must file it at <https://ftcpublic.commentworks.com/ftc/deuschlaconsent> by following the instructions on the web-based form. If this Notice appears at <http://www.regulations.gov/#!home>, you also may file a comment through that website.

If you file your comment on paper, write “Deutsch LA, Inc. - Consent Agreement; File No. 122 3252” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue, NW, Suite CC-5610 (Annex D), Washington, DC 20580, or deliver your comment to the following address: Federal Trade Commission, Office of the Secretary, Constitution Center, 400 7th Street, SW, 5th Floor, Suite 5610 (Annex D), Washington, DC 20024. If possible, submit your paper comment to the Commission by courier or overnight service.

¹ In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request, and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c), 16 CFR 4.9(c).

Visit the Commission Website at <http://www.ftc.gov> to read this Notice and the news release describing it. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before December 29, 2014. You can find more information, including routine uses permitted by the Privacy Act, in the Commission's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission ("FTC" or "Commission") has accepted, subject to final approval, an agreement containing consent order from Deutsch LA, Inc., ("respondent"). The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement's proposed order.

Respondent is an advertising agency hired by Sony Computer Entertainment America LLC ("SCEA") to develop an advertising campaign for the PlayStation Vita ("PS Vita"). The PS Vita is a game console that SCEA first offered for sale in the United States on February 22, 2012. The PS Vita is part of SCEA's line of game consoles, including the PlayStation 3 video game console ("PS3"), which allows consumers to play video games on their television sets. Unlike the PS3, the PS Vita is a handheld, portable game console that allows consumers to play games away from their television sets. In addition to selling game consoles, SCEA is one of many game developers writing game titles for use on its PS3 and PS Vita game consoles. At the time the PS Vita was launched, "MLB 12: The Show" was a popular SCEA title for the PS3.

According to the complaint, advertisements developed by respondent promoted two notable features of the PS Vita. First, respondent's advertisements represented that, with the

“cross platform gaming” or “cross save” feature of the PS Vita, consumers could begin playing a game on a PS3 console, save their progress at a specific point in the game, and then continue that game where they left off on the PS Vita. Second, respondent’s advertisements represented that with the “3G version” the PS Vita, available for an extra \$50 and monthly fees, consumers could access a 3G network to play games live with others (“multiplayer gaming”). The complaint alleges that advertisements respondent developed to promote these features were false or misleading and thus violate the FTC Act.

The FTC’s complaint alleges that respondent made false or misleading claims about the cross save feature in advertisements it developed to promote the PS Vita. For example, the complaint alleges that respondent’s advertisements represent that PS Vita users are able to pause any PS3 game they are playing on their PS3 consoles at a specific point in the game, and continue to play that game where they left off on the PS Vita. Contrary to this representation, this feature is available only for a limited number of PS3 game titles. Further, the pause and save feature described in the advertisements varies significantly by game. For example, with respect to the game depicted in the advertisement for this feature, “MLB 12: The Show,” consumers are able to pause and save the game to the PS Vita only after they have finished the entire baseball game (all nine innings) on the PS3. The complaint also alleges that with respect to this feature, respondent failed to disclose the material fact that, with games such as MLB 12: The Show, consumers would have to own two versions of the same game, one for the PS3 and one for the PS Vita, in order to use this feature.

The complaint also addresses advertising claims made for features relating to the 3G version of the PS Vita. Specifically, the complaint alleges as false or misleading the representation that PS Vita users who own the 3G version are able to engage in live, multiplayer gaming through a 3G network. In fact, PS Vita users are restricted to asynchronous or “turn-based” multiplayer gaming with the 3G version of the PS Vita.

Additionally, the FTC's complaint includes allegations that the respondent misled consumers through deceptive product endorsements. Specifically, respondent included the term "#gamechanger" in its advertisements for the PS Vita to direct consumers to online conversations about the PS Vita on Twitter. According to the complaint, approximately one month before SCEA offered the PS Vita for sale to the public, one of respondent's assistant account executives sent an email message to all of respondent's employees asking them to help with the advertising campaign by posting comments about the PlayStation Vita on Twitter, using the #gamechanger hashtag. According to the complaint, as a result of this email message, various Deutsch employees used their personal Twitter accounts to post positive comments about the PS Vita. According to the complaint, these tweets about the PS Vita were false and misleading because they were not independent comments reflecting the views of ordinary consumers who had used the PS Vita. The complaint also alleges that these comments were deceptive because respondent failed to disclose the material fact that employees of an advertising agency hired to promote the PS Vita wrote them.

The proposed consent order contains provisions designed to prevent respondent from engaging in similar acts or practices in the future. Part I of the proposed order prohibits respondent from misrepresenting any material gaming feature or capability of any Handheld Game Console Product when used as a standalone device to play video games. Because respondent is an advertising agency, however, the proposed order states that it shall be a defense that respondent neither knew nor had reason to know that such feature or capability was misrepresented.

Part II of the proposed order prohibits respondent from making any representation about the material capability of any Handheld or Home Game Console Product to interact with, or connect to, any other Handheld Game Console Product during gaming, unless at the time it is made, respondent possesses and relies upon competent and reliable evidence that substantiates

the representation. Again, because respondent is an advertising agency, the proposed order states that it shall be a defense that respondent neither knew nor had reason to know that such capability was not substantiated by competent and reliable evidence.

Part III of the proposed order prohibits respondent from making any representation about the material capability of any Handheld or Home Game Console Product to interact with, or connect to, any other Handheld or Home Game Console Product during gaming, unless it discloses, clearly and prominently, and in close proximity to the representation, that consumers must purchase two versions of the same video game, one for each console, if such is the case. Due to respondent's status as an advertising agency, the proposed order states that it shall be a defense that respondent neither knew nor had reason to know that consumers must purchase two versions of the same video game to use such capacity.

Parts IV through VI of the proposed order address respondent's use of deceptive product endorsements. Part IV prohibits respondent from misrepresenting that an endorser of any Handheld Game Console Product, Home Game Console Product or Video Game Product, is an independent user or ordinary consumer of the product.

Part V of the proposed order prohibits the respondent, in connection with the advertising of any Handheld Game Console Product, Home Game Console Product or Video Game Product, from making any representation about any endorser of such product, unless it discloses, clearly and prominently, a material connection, when one exists between such endorser and respondent or any other individual or entity manufacturing, advertising, labeling, promoting, offering for sale, selling or distributing such product. The proposed order defines "material connection" as any relationship that materially affects the weight or credibility of any endorsement that would not be reasonably expected by consumers.

Part VI of the proposed order requires respondent to take all reasonable steps to remove, within seven days of the service of the order, any previously posted product review or endorsement under its control that does not comply with Parts IV and V of the order.

Part VII of the proposed order contains recordkeeping requirements for advertisements and substantiation relevant to representations covered by Parts I through VI of the order.

Parts VIII through X of the proposed order require the company to: deliver a copy of the order to certain personnel having managerial responsibilities with respect to the subject matter of the order; to notify the Commission of changes in corporate structure that might affect compliance obligations under the order; and to file compliance reports with the Commission.

Part XI of the proposed order provides that the order will terminate after twenty (20) years, with certain exceptions.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the complaint or proposed order or to modify the proposed order's terms in any way.

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By direction of the Commission.

Donald S. Clark,
Secretary.